**A brief history of marketing**

Retailing as we now know it has evolved from the primitive barter and exchange systems that existed prior to the industrial revolution, through to the sophisticated free enterprise system of western world economies.

Prior to the Second World War, Australia had;

* a relatively poor standard of living with high levels of unemployment
* very little manufacturing industry existed
* most goods were imported.
* Our main industries were primary – wheat and wool being our main exports.

*The beginning of WWII changed this situation drastically, bringing with it full employment for the first time since the gold rush. All the able-bodied men were enlisted and their jobs at home taken by women, working in factories and catering for the wartime supply needs.*

War itself, and the possibility of long-drawn-out hostilities, forced both government and the captains of industry to consider their production methods and change their operations to become more efficient and to embrace the concept of machine production of goods, compared to labour-intensive hand production.

**Australia was starting to become of age in an industrial world.**

After the war had finished, factories altered their production from the staple wartime goods to the production of consumer goods: factories now produced things people wanted rather than just what they needed.

Full employment was maintained (in economic terms full employment is where only 2–3% of the population that wants work, can’t get it: it’s not 100% employment), as factories attempted to meet the demands of people who had been unable to spend money on consumer goods and services during the war years. Either the products or the raw materials had been unobtainable, or there was no-one to buy them.

It took a few years for production to catch up with the immediate consumer demand.

At this point, the problem facing management was one of production – that is, how to make the goods for which a ready demand existed. There was little or no need for marketing because everything that was produced could be easily and readily sold.

The scenario was that mass advertising had created mass demand that was slowly being satisfied by modern mass production methods at reduced costs. All this meant that things that were once luxuries (such as vacuum cleaners, washing machines, electric irons, television sets, telephones and motor cars) quickly became necessities to the average Australian family.

**Recent developments**

As the world has changed, so too, has the position in Australia.

As we compete in the global marketplace, our economy has experienced many ups and downs, and our total social and economic situation has changed. The problem has been compounded by the efficiencies of improved machinery and automation making high levels of unemployment seemingly a constant companion.

No longer are we a country with plenty of money to spend and no goods or services to spend it on (such as was the condition after the Second World War).

The problem has become one of how to get people to buy the huge range and quantity of goods and services that can be readily supplied.

The problem in the marketplace is now one of consumption, not supply or production.

**Marketing emerges**

In Australia, marketing was slow to catch on, despite being popular and present in America for quite a while.

**Australians gradually understood that Americans used marketing to identify what people wanted and then they produced those items.**

Australia’s first brush with marketing was simply to use elements of it to help clear surplus stock (that is, Australia used the advertising and promotional aspects of marketing only), but as management slowly started to see all the benefits that the full marketing concept could deliver, they began utilising it as the Americans had, and in the way it should be used.

Marketing now plays a critical part in Australia’s economy .People are not required to spend their money, nor are they obliged to consume all that is produced. But, unless this does occur, the economy will stagnate, the overall wealth of the nation will deteriorate, businesses will close and people will lose their jobs.



**Marketing – defined**

Marketing, then, is the action that flows from the marketing concept, and may be defined as:

**‘The ability to identify and satisfy customer needs at a profit.’**

It means first finding out what customers want and then supplying it.

Businesses not following the marketing approach may be driven by motives such as the following:

* purely monetary concerns (revenue and profit)
* production imperatives (we can produce so-and-so, therefore that is what we will sell)
* ego (‘Marketing is unnecessary – I can do it without having to do all that rubbish’).

In real life, the customers don’t care about financiers, production managers, sales teams or our egos.

They care about themselves and their wants and needs and any business has a much better chance of success (although there are never any guarantees) if it adopts a marketing orientation.



The idea of marketing is to determine who the market is, what

**The marketing concept**

**Today’s current conditions have meant that rather than simply producing something – anything! – and just hoping that someone will buy it, it is even more important than ever for stores to find out what the consumer wants – as opposed to what a business wants to provide – and then to match what they produce and offer with identified customer needs.**

**In addition, businesses must find out how much the customers are prepared to pay, how much they will buy, where they want to obtain it from, how much it will cost to provide and whether or not it will show the desired profit.**

**Before further defining ‘marketing’ we need to explore the philosophy that is known as the ‘marketing concept’. It is based on two assumptions:**

Assumption One

All planning, policies and operations of a business should be oriented towards current and potential consumers.

This is a central thrust of all marketing thinking and decision-making and can be précised as:

**‘All thoughts and actions must be customer-focussed’**

It is simply not good enough – and when you think about it, it just doesn’t make sense anyway – to think ‘Aha! I’ve got a great idea, I’ll do so-and-so.’

Then off you go creating the product, investing your hard-earned cash and valuable time. You produce the product and begin advertising but, guess what? – no-one buys, no-one’s interested.

Why?

You thought it was a great idea but no-one else did!

You weren’t customer-focussed – you were self-focussed.

You concentrated on your good idea and on what you could do – not on what the customer wanted.

Assumption Two

Clearly defined, measurable and profitable objectives should be the goal of your store.

The key to the above statement is ‘profit’.

The store isn’t in business for practice or for anyone’s health – it’s there to make a dollar and anything that can’t do that is not worth doing.

This means that before you start to manufacture your product, or buy what you need to begin supplying the service you’ve got in mind, you have to be certain that enough people will buy it at the price you’ve determined so that it will cover your predicted expenses and end up showing the profit you deem appropriate.

This also highlights the need for you to know what the objectives are for your store.

The marketing concept, thus, says that all decision-making processes that take place will only succeed when the wants and needs of the consumer are fully known. To this end, all effort should be directed – through market research – at finding new and better ways to satisfy the consumer.

This concept sometimes (or often) runs contrary to what happens in some stores that don’t understand the marketing concept. All too often staff (lower, middle and upper management levels and the workers/operatives) make many of their decisions on the basis of what impact the decisions will have on them: little or no consideration is given to the effect on the customers, and ultimately the business, and – if they thought about it enough – their own job.

They either change something to make things easier for them, or quite honestly implement a change based on a genuine, but misplaced desire, to improve things because they, too, have had a ‘good idea’.

In order to clarify this definition of the ‘marketing concept’, let us be quite clear that it is not the same as ‘marketing’.

The marketing concept is an attitude (customer focus) that should ideally filter through the entire organisation from the lowest to the highest position: it should be adopted by the sales staff, the greeter, the delivery-person, the cleaner and management.

Management has a responsibility to make sure that all staff, especially those not directly involved in marketing, are aware of the marketing concept philosophy. When this attitude is present throughout a business, decisions are part of a cohesive and directed approach to business rather than a group of fractured and one-off decisions.

This all-embracing attitude to marketing means that everyone is kept appraised of what’s going on: the system operates as an informed whole – all parts of the whole having, and knowing about, the overall business goals. Any marketing-related decision is therefore made in full knowledge of what’s happening in other areas of the business. Price-setting knows fully what development costs have been incurred: advertising knows exactly what we have to offer and who we are targeting, and so on.

This reduces the risk of failure and the likelihood of non-productive doubling-up of effort. This sort of planned approach also reduces the chances of half-baked ideas that have not been properly thought through (or costed out) having time and money wasted on them.

This integrated system approach forces things to be properly and seriously thought through, leading to rational, business-like decisions being made.

It makes for considered action rather than knee-jerk reflexes.



**Analysing components of store image**

The first step in profiling a retail market is to look internally and analyse the workings that combine to create the image of the store.

These factors may be purposely designed, developed and applied so that a definite and desired store image is created and maintained.

In other cases, the store image simply emerges on the basis of what happens within the store: in these cases, the store image is somewhat unsystematic, unintended and generally uncontrolled.

Vital to this stage is that we must know where we are starting from – we must know what the store looks like in comparison to others, and what image it has in the eyes of the general public and its customers.

The image of the store may be seen as resulting from the smallest of things (such as their logo) through to larger elements such as the following

Products offered

A store that stocks R- and X-rated products is likely to have a different image from one that stocks educational texts. This highlights the way that people will assume or project an image onto a store without even setting foot inside the place – the products or services offered will often be sufficient to suggest ‘what sort of store it is’.

*In addition, the particular brands stocked will also be significant.*

Certain brands – and products – will have a status as being expensive, elite and reliable, while other brands have a reputation of being cheap, tacky and less stylish.

These assumptions may be right or wrong– it matters little.

*What is important is the concept of customer perceptions.*

It is often said that reality doesn’t count – it’s all about image, which means it’s all about perceptions and how the customer perceives the store and what it sells.

A store can stay exactly the same in terms of service, staffing, prices, layout, after sales service, buying options, etc., but it can undergo a dramatic shift in image just by altering the merchandise it offers.

Services offered

There are two aspects to this – the services that the store provides as part of the product it sells, and the nature of the services (as opposed to physical products) that it sells.

A store may offer quite a range of supplementary services to its customers including lay-by, gift-wrapping, credit, delivery, after sales service, installation, advice, rain checks and so on.

It is possible to believe that the more of these services it offers, the better its image will be – but, if the customers don’t want or need these services, what’s the benefit or point? It won’t automatically be seen as an advantage or a benefit.

The services sold by the store also impact on image – a store offering takeaway fast foods will be seen differently from a store offering financial advice: both are services, both legitimate, but they are definitely regarded differently in the eyes of the consumer.

**Layout**

People form an image about a store based on many things – some of them seem quite irrelevant, but they are important to the customer and that’s what counts. We must be customer-focussed. Layout relates to how easy it is for customers to use our store – and it can embrace internal layout of stock, displays and service counters, and the external access via telephone, fax, email, Internet and mail order.

This may relate to where we position our fast-moving stock – we may have deliberately put them at the back of the store, forcing customers to walk through the store (in the hope of their making an impulse purchase) to access them. Or we may have conveniently located them just inside the door, right at the service counter or checkout for quick and ready access by customers.

These two different approaches are likely to generate vastly different impressions about the store.

This consideration can also involve the logical layout of stock (from the customer’s perspective): customers expect certain items to be grouped together and become confused and irritated when the store fails to match with those expectations.

Customers also have different reactions to changes in store/stock layout – some stores deliberately alter their layout on a regular basis to ‘force’ customers to look around the store to find what they want (hoping they will find something else and buy that, too). Some stores prefer to keep their layout consistent over time.

Again, the perception of the store in the mind of the customer will be different in each instance.

Displays and visual merchandising

The nature, position, attractiveness, duration, frequency and content of displays and promotional stands within the store (and in external locations – on the footpath, in the car park, at exhibitions) also function to contribute to store image.

Appealing displays, kept clean, well-maintained, safely presented and ‘appropriate’ will help to promote a positive store image.

Displays that are inappropriate (vulgar, offensive, challenging, insulting, provocative, indecent), unclean and untidy will definitely result in a different store image: this response, though, may not necessarily be the same across all customers – what some see as ‘disgusting’, others may see as ‘funny’.

Also, displays that seem to exist from month to month without change give a different impression from a store where interest is generated by displays that change regularly, and are different in nature.

Static displays can be effective, but more active displays such as videos, demonstrations and tastings are likely to result in a different feeling about the store.

Ticketing

The way in which the store tickets its items is also a factor in the image the store projects. Many aspects of this are the same as for displays – for instance, ticketing that is ‘inappropriate’ will generate one type of response from certain customers (perhaps by age, gender, cultural background, etc.).

In addition, customers may form an impression about the store because of its lack of ticketing (of course, the store will have ticketing, but you must remember that it is their perceptions that count, not the reality).

Other factors might include where the tickets are placed (on shelves, overhead, on stands, with the item, on the packaging) – all are going to be interpreted by the customers in some way.

Accuracy is also an issue – truth in advertising, and truth in pricing being the two main usual concerns, along with store policy when an error or discrepancy is found. Some people may feel your tickets don’t give enough information, and others may think their sole role should only be to advertise price and nothing else.

To others, condition of signage and ticketing may be an issue. In much the same way that some people detest displays (and stock) that looks tired, shabby and grubby so, too, they may despise tickets that are dirty, torn and shabby.

Promotional events/themes

Whether or not the store runs promotional events/themes, their size, frequency and the nature of those undertakings will combine to help create an image for the store.

Stores that do not conduct promotional events/themes will still have an image, but the events/themes are extremely instrumental in developing and confirming that image.

These activities provide a tremendous opportunity to involve customers, and for the store to ‘give something back’ to their loyal patrons: promotional events/themes add something different to the normal offerings of the store and add interest and some extra value to the goods on offer.

Care must be taken to ensure that the events/themes are appropriate for the customers that the store wishes to target. This means that the promotion either reinforces an established image, or seeks to create an alternative image to attract a fresh customer group.